
Funding Request Number:	1130278
Contract Number:	03-11-03
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$6,201,135.13
Commitment Adjustment Amount:	\$6,201,135.13
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$6,153,030.58
Funds to be Recovered from Service Provider:	\$6,153,030.58

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181,p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1132234
Contract Number:	03-11-03
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$2,290,910.00
Commitment Adjustment Amount:	\$2,290,910.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$2,046,270.56
Funds to be Recovered from Service Provider:	\$2,046,270.56

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1132964
Contract Number:	03-11-03
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$1,897,183.44
Commitment Adjustment Amount:	\$1,897,183.44
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$1,882,870.86
Funds to be Recovered from Service Provider:	\$1,882,870.86

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISD's employees in violation of HISD's policies and the terms of HISD's RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISD's own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1132480
Contract Number:	03-11-03
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$587,939.04
Commitment Adjustment Amount:	\$587,939.04
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$583,506.13
Funds to be Recovered from Service Provider:	\$583,506.13

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1138010
Contract Number:	03-11-04
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$72,000.00
Commitment Adjustment Amount:	\$72,000.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$0.00
Funds to be Recovered from Service Provider:	\$0.00

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1159769
Contract Number:	03-11-03
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$3,279,294.16
Commitment Adjustment Amount:	\$3,279,294.16
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$3,254,569.13
Funds to be Recovered from Service Provider:	\$3,254,569.13

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1138156
Contract Number:	03-11-04
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$1,287,394.61
Commitment Adjustment Amount:	\$1,287,394.61
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$0.00
Funds to be Recovered from Service Provider:	\$0.00

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1177791
Contract Number:	03-11-03
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$1,351,689.32
Commitment Adjustment Amount:	\$1,351,689.32
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$1,210,640.60
Funds to be Recovered from Service Provider:	\$1,210,640.60

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1159949
Contract Number:	03-11-03
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$898,584.06
Commitment Adjustment Amount:	\$898,584.06
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$891,808.31
Funds to be Recovered from Service Provider:	\$891,808.31

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Funding Request Number:	1174686
Contract Number:	03-11-03
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$15,904,195.70
Commitment Adjustment Amount:	\$15,904,195.70
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$0.00
Funds to be Recovered from Service Provider:	\$0.00

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181, p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Kevin Killebrew
Lakehills Consulting, LP
4202 Directors Row Ste. 100
Houston, TX 77092 5802



Schools & Libraries Division

Notification of Commitment Adjustment Letter

Funding Year 2003: July 1, 2003 - June 30, 2004

March 29, 2011

Kevin Killebrew
Lakehills Consulting, LP
4202 Directors Row Ste. 100
Houston, TX 77092

Re: SPIN: 143010780
Service Provider Name: Lakehills Consulting, LP
Form 471 Application Number: 367296
Funding Year: 2003
FCC Registration Number:
Applicant Name: HOUSTON INDEP SCHOOL DISTRICT
Billed Entity Number: 141223
Applicant Contact Person: Jacqueline K. Martin

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of Program rules.

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the required adjustments to the funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road, P.O. Box 902, Whippany, NJ 07981
Visit us online at: www.usac.org/sl

TO APPEAL THIS DECISION:

You have the option of filing an appeal with USAC or directly with the Federal Communications Commission (FCC).

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC your appeal must be received or postmarked within 60 days of the date of this letter. If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRN) you are appealing. Your letter of appeal must include the
 - Billed Entity Name,
 - Form 471 Application Number,
 - Billed Entity Number, and
 - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal. To submit your appeal to USAC by email, email your appeal to appeals@sl.universalservice.org. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 S. Jefferson Rd.
P. O. Box 902
Whippany, NJ 07981

For more information on submitting an appeal to USAC, please see the "Appeals Procedure" posted on our website.

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the applicant detailing the necessary applicant action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or the applicant(s) submits to USAC are consistent with Program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: Jacqueline K. Martin
HOUSTON INDEP SCHOOL DISTRICT

Funding Commitment Adjustment Report
Form 471 Application Number: 367296

Funding Request Number:	1000282
Contract Number:	02-12-04
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$7,712,169.84
Commitment Adjustment Amount:	\$7,712,169.84
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$2,961,621.68
Funds to be Recovered from Service Provider:	\$2,961,621.68

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind this commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined it would award contracts to vendors, Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. There was also evidence that meals, trips, and other gratuities were offered to and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs. Further, there is evidence that HISD awarded contracts to ACS and MSE prior to waiting 28 days after posting its Form 470 in violation of program rules. On Dec. 20, 2002, HISD declared ACS and MSE the bid winners. However, HISD did not post its Form 470, No. 130480000441848, until Dec. 16, 2002 with an Allowable Contract Date of Jan. 13, 2003. HISD, by declaring ACS and MSE the bid winners on Dec. 20, 2002, violated the 28 day competitive bidding rule. Program rules require applicants to wait 28 days from the date the Form 470 was posted or the RFP was issued, using the latest date, which was Dec. 16, 2002. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181,p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Kevin Killebrew
Lakehills Consulting, LP
4202 Directors Row Suite 100
Houston, TX 77092 5802



Schools & Libraries Division

Notification of Commitment Adjustment Letter

Funding Year 2003: July 1, 2003 - June 30, 2004

March 29, 2011

Kevin Killebrew
Lakehills Consulting, LP
4202 Directors Row Suite 100
Houston, TX 77092

Re: SPIN: 143010081
Service Provider Name: Lakehills Consulting, LP
Form 471 Application Number: 367296
Funding Year: 2003
FCC Registration Number:
Applicant Name HOUSTON INDEP SCHOOL DISTRICT
Billed Entity Number: 141223
Applicant Contact Person: Jacqueline K. Martin

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of Program rules.

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the required adjustments to the funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road, P.O. Box 902, Whippany, NJ 07981
Visit us online at: www.usac.org/sl

TO APPEAL THIS DECISION:

You have the option of filing an appeal with USAC or directly with the Federal Communications Commission (FCC).

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC your appeal must be received or postmarked within 60 days of the date of this letter. If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRN) you are appealing. Your letter of appeal must include the
 - Billed Entity Name,
 - Form 471 Application Number,
 - Billed Entity Number, and
 - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.
To submit your appeal to USAC by email, email your appeal to appeals@sl.universalservice.org. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 S. Jefferson Rd.
P. O. Box 902
Whippany, NJ 07981

For more information on submitting an appeal to USAC, please see the "Appeals Procedure" posted on our website.

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the applicant detailing the necessary applicant action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or the applicant(s) submits to USAC are consistent with Program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: Jacqueline K. Martin
HOUSTON INDEP SCHOOL DISTRICT

Funding Commitment Adjustment Report
Form 471 Application Number: 367296

Funding Request Number:	1021650
Contract Number:	02-12-10
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$113,456.56
Commitment Adjustment Amount:	\$113,456.56
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$53,592.85
Funds to be Recovered from Service Provider:	\$53,592.85

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind this commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined it would award contracts to vendors, Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. There was also evidence that meals, trips, and other gratuities were offered to and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs. Further, there is evidence that HISD awarded contracts to ACS and MSE prior to waiting 28 days after posting its Form 470 in violation of program rules. On Dec. 20, 2002, HISD declared ACS and MSE the bid winners. However, HISD did not post its Form 470, No. 130480000441848, until Dec. 16, 2002 with an Allowable Contract Date of Jan. 13, 2003. HISD, by declaring ACS and MSE the bid winners on Dec. 20, 2002, violated the 28 day competitive bidding rule. Program rules require applicants to wait 28 days from the date the Form 470 was posted or the RFP was issued, using the latest date, which was Dec. 16, 2002. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181,p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.

Kevin Killebrew
Lakehills Consulting, LP
4202 Directors Row Suite 100
Houston, TX 77092 5802



Schools & Libraries Division

Notification of Commitment Adjustment Letter

Funding Year 2004: July 1, 2004 - June 30, 2005

March 29, 2011

Kevin Killebrew
Lakehills Consulting, LP
4202 Directors Row Suite 100
Houston, TX 77092

Re: SPIN: 143010081
Service Provider Name: Lakehills Consulting, LP
Form 471 Application Number: 398827
Funding Year: 2004
FCC Registration Number:
Applicant Name HOUSTON INDEP SCHOOL DISTRICT
Billed Entity Number: 141223
Applicant Contact Person: Jacqueline K. Martin

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were committed in violation of Program rules.

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now adjust the overall funding commitment. The purpose of this letter is to make the required adjustments to the funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

Schools and Libraries Division - Correspondence Unit
100 South Jefferson Road, P.O. Box 902, Whippany, NJ 07981
Visit us online at: www.usac.org/sl

TO APPEAL THIS DECISION:

You have the option of filing an appeal with USAC or directly with the Federal Communications Commission (FCC).

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC your appeal must be received or postmarked within 60 days of the date of this letter. If you wish to appeal the Commitment Adjustment Decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRN) you are appealing. Your letter of appeal must include the
 - Billed Entity Name,
 - Form 471 Application Number,
 - Billed Entity Number, and
 - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.
To submit your appeal to USAC by email, email your appeal to appeals@sl.universalservice.org. USAC will automatically reply to incoming emails to confirm receipt.

To submit your appeal to us by fax, fax your appeal to (973) 599-6542.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 S. Jefferson Rd.
P. O. Box 902
Whippany, NJ 07981

For more information on submitting an appeal to USAC, please see the "Appeals Procedure" posted on our website.

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the applicant detailing the necessary applicant action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or the applicant(s) submits to USAC are consistent with Program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds the Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the service provider is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: Jacqueline K. Martin
HOUSTON INDEP SCHOOL DISTRICT

Funding Commitment Adjustment Report
Form 471 Application Number: 398827

Funding Request Number:	1123906
Contract Number:	03-11-05
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	
Original Funding Commitment:	\$4,145,678.76
Commitment Adjustment Amount:	\$4,145,678.76
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$1,001,702.51
Funds to be Recovered from Service Provider:	\$1,001,702.51

Funding Commitment Adjustment Explanation:

After review of the materials received in this matter, USAC has determined to rescind commitment in full because Houston Independent School District (HISD) failed to conduct an open and fair competitive bidding process. As discussed in the attached Letter of Further Explanation, it is evident that HISD determined that it would award contracts to Hewlett Packard (HP), Analytical Computer Services (ACS) and Micro System Engineering (MSE), prior to completion of the competitive bidding process. The documents reviewed also demonstrate that HISD met multiple times with these vendors during the competitive bidding period when the bids were being reviewed and before the contracts were awarded to ACS and MSE. There is also evidence that meals and other gratuities were offered by the vendors and accepted by HISDs employees in violation of HISDs policies and the terms of HISDs RFPs regarding supplier conduct. The funding for the requests that rely on these contracts is hereby rescinded because the competitive bidding process violated FCC rules, as well as HISDs own policies and the terms of the RFPs. Commission rules require USAC to pursue repayment of unlawfully distributed funds from the party or parties that committed the rule or statutory violation. Pursuant to the terms of the March 8, 2009 Settlement Agreement between the U.S. Department of Justice, the FCC, and HISD, USAC will not seek further recovery from HISD. In accordance with the Fourth Report & Order (FCC 04-181,p15), USAC will seek recovery from Lakehills Consulting, L.P. as successor-in-interest to the contracts.